GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:753
ANSWERED ON:25.02.2009
EASING CREDIT NORMS FOR EXPORTERS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) proposes to ease credit norms for the exporters in the country;

(b) if so, the salient features thereof; and

(c) the extent to which the Indian exporters are likely to be benefited thereafter?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c): Exporters are especially hit by recessionary conditions globally.RBI has taken the following measures to ease credit norms during last few months:-

(i) Enhancing the period of pre-shipment and post-shipment Rupee Export Credit by 90 days each;

(ii) Extending the applicability of prescribed interest rate as applicable to post-shipment rupee export credit to overdue bills upto 180 days w.e.f. date of advance till further notice;

(iii) Reducing CRR, SLR, Repo rate and Reverse Repo rate, with a view to increase liquidity to the Banks;

(iv) Enhancing the limit of Export Credit Refinance (ECR) facility for commercial banks to 50% of the outstanding Rupee Export Credit;

(v) Increasing the time period of export realization for non-status holder exporters to 12 months;

(vi) Reintroduction of Interest Subvention of 2% w.e.f. December 1, 2008 to March 31, 2009 on pre and post shipment rupee export credit for certain employment oriented export sectors.The Finance Minister in his interim Budget Speech 2009 has announced to extend Interest Subvention by further 6 months i.e. upto 30th September, 2009;

(vii) The ceiling rate on export credit in foreign currency raised to LIBOR plus 350 basis points from the present ceiling rate of LIBOR plus 100 basis points with effect from February 5, 2009. Consequently, the ceiling interest rate on the lines of credit with overseas banks for the banks providing export credit raised from six months LIBOR plus 75 basis points to six months LIBOR plus 150 basis points;

(viii) Authorised Dealers Category - I Banks permitted to consider applications for pre-mature buy-back of FCCBs from their customers;

(ix) Refinance facility to the EXIM Bank for an amount of Rs. 5000 crores for providing pre- shipment and post-shipment credit in Rs.or dollars;

(x) FOREX liquidity has been provided to Indian Public and Private Sector Banks upto June 30,2009, through forex swaps of tenure upto 3 months;

(xi) Prudential Guidelines on Restructuring of Advances by banks have been relaxed,including those for exporters.